

ID: CCA_2011030113141950

Number: **201114027**

Release Date: 4/8/2011

Office:

UILC: 6662.00-00

From:

Sent: Tuesday, March 01, 2011 1:14:24 PM

To:

Cc:

Subject: RE: Penalty question

Yes, as long as the loss is actually attributable to conduct in the year that the loss arises that can be penalized under section 6662. Treas. Reg. section 1.6662-3(d) provides that the penalty for negligence or disregard of rules or regulations applies to any portion of an underpayment for a year to which a loss, deduction or credit is carried, which portion is attributable to negligence or disregard of rules or regulations in the year in which the carryback or carryover of the loss, deduction or credit arises. See also Treas. Reg. section 1.6662-4(c) (providing a similar rule for the accuracy-related penalty on underpayments attributable to substantial understatement of income tax).